



# CITY OF MCKINNEY, TEXAS

## Legislation Text

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**File #:** 23-0396, **Version:** 1

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Consider/Discuss/Act on a Resolution Authorizing the City Manager to Execute a Term Sheet with McKinney Ranch, LTD. Governing the Development of Property to be Located Within the Honey Creek Improvement District No. 1

**COUNCIL GOAL:** Direction for Strategic and Economic Growth  
(1A: Establish regional infrastructure incentives to increase economic growth)

**MEETING DATE:** May 16, 2023

**DEPARTMENT:** Development Services

**CONTACT:** Michael Quint, Executive Director of Development Services  
Kim Flom, Assistant City Manager  
Mark Houser, City Attorney

### ITEM SUMMARY:

- Staff is proposing a resolution which, if approved by the City Council, will authorize the City Manager to execute the proposed term sheet. This proposed term sheet will serve as the framework from which a development agreement will be negotiated and drafted.
- Republic Property Group presented the concept of a Municipal Management District (MMD) to the City Council at the December 6, 2022, work session. At that time, several City Council members expressed preliminary support for exploring the creation of a special district.
- On December 20, 2022, Republic Property Group (RPG), the representative for the owner of the Honey Creek property, which is approximately 1,648 acres located within the city's northwest sector (west of US Highway 75 and north of US Highway 380), gained the City Council's approval of a resolution formally consenting to the creation of a MMD (the "District") subject to specific conditions being satisfied.
- Since that time, Staff has been working closely with RPG to create a list of mutually agreeable, non-binding terms. If the proposed resolution is approved by the City Council, the City Manager will execute the term sheet and Staff, in coordination with the City Attorney, will negotiate the development agreement which will govern the ultimate use and development of the property.
- The proposed terms include, but are not limited to the following:
  - The property owner shall:
    - Rezone the entire property and seek annexation for any property in the ETJ;

- Dedicate a 2.5-acre elevated storage tank site to the City, a 3-5 acre fire station site, a park maintenance facility, and a 10 acre municipal facility;
- Construct community enhancements including three (3) amenity facilities that will collectively include a resort-style swimming pool, playgrounds, tennis courts, fitness centers, and other outdoor recreational amenities;
- Escrow \$6 million for two (2) city parks which will include a variety of recreational opportunities and will be maintained by the development;
- Retain 200 acres of neighborhood open space;
- Construct a network of hike and bike trails;
- Escrow funds to be used for the construction of the Laud Howell Pkwy. and Hardin Blvd. bridges spanning Honey Creek;
- Reimburse the City \$2.3 million for the previous design of Laud Howell Pkwy.;
- Construct at least two lanes of Laud Howell Pkwy. with the first phase of construction;
- Construct all master planned infrastructure as shown on the City's master plans;
- Adopt residential architectural design guidelines; and
- The District's Bond sales will be limited to a total of \$350 million.
- The City shall:
  - Acquire off-site easements for the property owner at the owner's expense;
  - Construct the Hardin Blvd. bridge spanning Honey Creek at a time of the City's choosing; and
  - Fund the construction of the Laud Howell Pkwy. bridge spanning Honey Creek.

#### **BACKGROUND INFORMATION:**

- A Municipal Management District is a type of special district authorized by state law to assist with the construction of improvement projects. Improvement projects must confer a "special benefit" to properties located within the district.
- Generally, a MMD is somewhat of a hybrid between a Public Improvement District (PID) and a Municipal Utility District (MUD). The MMD will establish a board, comprised of residents within the District, which has bonding authority (similar to a MUD) and which can levy an assessment in addition to the city's taxes (similar to a PID) but relieves the city of any obligation to administer or enforce terms of the District (similar to a MUD).
- In order to create a MMD ("the District") via the legislative process at the State Capital in Austin, TX, the developer first needed a City Council resolution consenting the creation of the district. The State Legislature will not approve a bill creating a MMD if the city in which it will be located is not supportive.
- The resolution consenting to the creation of the District that was approved by the City Council was conditioned on the City Council annexing any Honey Creek property located within the Extraterritorial Jurisdiction (ETJ), approving a (re)zoning request for the entire Honey Creek property, and execution of a development agreement governing the entire property.
- If these conditions are not satisfied, the District cannot be created and the bill, if adopted by the State Legislature, will essentially become void.

**FINANCIAL SUMMARY:**

- None at this time, however a future Development Agreement based on the proposed term sheet will include detailed financial arrangements.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A